GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2164
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Regional Rural Banks
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Will the Minister of FINANCE be pleased to state:

(a) the main objectives for setting up of Regional Rural Banks (RRBs) in the country and the guidelines which regulate the credit and other facilities being provided by these RRBs along with the number of RRBs presently functioning in the country, State-wise;

(b) the details and the number out of them which are suffering with poor financial condition/closed down during the last three financial years, State-wise;

(c) whether the Government has any proposal to provide any assistance for strengthening the RRBs, if so, the details thereof;

(d) whether the Government has noticed any irregularities in functioning of RRBs, if so, the details thereof;

(e) the steps taken by the Government to improve the performance of RRBs in this regard?

Answer

Minister of State in the Ministry of Finance

(a) to (e)Regional Rural Banks (RRBs) were set up under the Regional Rural Banks Act, 1976 with a view to develop the rural economy by providing credit for development of agriculture trade and commerce, industry and other productive activities in rural area particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs.

The State-wise details of RRBs, with their sponsor banks are furnished in Annex-I.

There are no cases during the last three financial years of RRBs which were closed down due to poor financial condition. Based on the audited financial position for the year 2014-15, the details of RRBs having accumulated losses for the last three years are given in Annex-II.

The Government had taken steps to infuse capital in the RRBs who are not in a position to maintain CRAR of 9% as stipulated by RBI. A total capital of Rs.2,206.02 crore has been infused in39 RRBs as on 31stMarch 2016, out of which Golhas released a sum ofRs.1,101.70 crore. In BE 2016-17, a sum of Rs.140 crore has been allocated for recapitalisation of RRBs.

RRBs are regulated by the Reserve Bank of India and supervised by NABARD. In case of any irregularity noticed, the same is advised to the concerned RRB for rectification/ corrective action.

Government had initiated a process of structural consolidation of RRBs, in consultation with NABARD, State Government concerned and the sponsor banks. State level amalgamation process of RRBs was initiated in the first phase in 2005 to improve the operational viability, taking advantage of the economies of scale and also with a view to provide better customer service by having improved infrastructure, computerisation, experienced work force, common publicity and marketing opportunities. The second phase of further amalgamation was initiated across the Sponsor banks within a State during 2012. As a result, the total number of RRBs has come down to 56 as on date.

To strengthen the human resource of RRBs, Common Recruitment Examination was conducted during the year 2015-16. Reserve Bank of India has permitted Internet banking to RRBs for providing better customer service.

The performance of the RRBs, in the recent past, shows that they have responded well to the reform measures initiated by the Government.

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